GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7165
ANSWERED ON:13.05.2005
FOREIGN BANKS
Sangwan Shri Kishan Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that foreign banks operating in India are not showing their real income thus evading tax of a large magnitude;

(b) if so, the details thereof and name of the banks identified by the Government; and

(c) the action taken against such banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM):

(a) to (c) The foreign banks operating in India are subject to regulation and supervision of Reserve Bank of India and also terms and conditions given to them at the time of granting of licence by RB!. The performance of foreign banks is kept under constant review by RBI through Annual Financial Inspection. They are also subject to al! the guidelines issued by RBI to scheduled commercial banks regarding different aspects of their operation including income and profit. All cases of deviation are taken up with the banks concerned by RBI for corrective action, if any.